

31 January 2020

Quarterly Activities Report **For the period ended 31 December 2019**

Australian Mines Limited (**Australian Mines** or **the Company**) (Australian ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) is pleased to provide its Quarterly Activities Report for the period ending 31 December 2019.

Commenting on the December 2019 quarter, Australian Mines' Managing Director, Benjamin Bell, said: "Australian Mines remains steadfastly committed to, and is confident that, the successful development of its Sconi Project in North Queensland will position the Company at the forefront of the battery materials industry.

"The Company is well positioned to take advantage of the expected increase in global demand for nickel and cobalt, which are the key required commodities used by electric vehicle ("EV") battery makers, auto manufacturers (also called "OEMs", or original equipment manufacturers) and in the storage and delivery of clean, sustainable energy sources.

"Our profile as a potential low cost, long term supplier of battery grade materials, operating in a low risk jurisdiction and producing ethically derived cobalt and nickel sulphate should be an attractive proposition to global OEMs and EV battery makers alike.

"The Board believes Australian Mines can be a leading supplier into this market by using industry standard technology that builds on the knowledge gained through the construction and operation of a number of pressure acid leach plants by various companies around the world coupled with the Company's own experience from successfully operating its demonstration-scale processing plant in Australia.

"Our priority is to continue advancing the Company's discussions with potential offtake partners for the Sconi Project. It is expected our selected partner/s will make a meaningful financial commitment to the project financing of Sconi, as part of any offtake agreement.

"We will also continue to engage with a range of potential project financiers to ensure that all due diligence conditions are satisfied to allow offtake discussions to progress beyond the current stage into formal contracts.

"In parallel we continue to develop the production and processing capacity at Sconi, which in Financial Year 2020 is anticipated to include pre-construction work on shared public-use infrastructure, and further investment in North Queensland with the aim of delivering a

significant contribution to local businesses and the community through providing secure, long term jobs.

“We continue to regularly liaise with the Queensland Government to maximise the benefits of Sconi having “Prescribed Project” status, which will help with the smooth and methodical development of this world-class, Tier 1 project”.

Sconi Cobalt-Nickel-Scandium Project

Australian Mines’ 100%-owned Sconi Project, once developed, is forecasted to be one of the most cost-competitive cobalt-producing nickel operations in the world^{1,2} and places the Sconi Project in the lowest cost quartile compared to other existing and proposed analogous operations globally^{3,4}.

The Project is estimated⁵ to produce 1,405,000 tonnes of nickel sulphate and 209,000 tonnes of cobalt sulphate over the project’s initial 30+ year mine life⁶, which is sufficient cobalt and nickel to produce the equivalent of at least 3 million to 6 million electric vehicle battery packs.

Once in production, the Sconi Project⁷ is estimated to produce a total free cashflow after tax of \$5 billion over the initial 30-year project life, for a simple payback of capital of 4.4 years on a pre-tax basis and 5.8 years on a post-tax basis⁸.

With a pre-tax Net Present Value (NPV) of \$1.47 billion, the Sconi Project can genuinely be classed as a world-class cobalt and nickel asset⁹.

During the quarter, the Company’s off-take agreement with SK Innovation for the Sconi Project terminated on the basis that one or more of the conditions precedent to the offtake agreement, as noted in the 1 November ASX announcement, were not satisfied by that date.

Following termination of this agreement, the Company immediately re-engaged offtake negotiations with a number of interested third parties. These discussions, which are covered by strict non-disclosure agreements, were ongoing at the end of the quarter.

¹ Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released 12 February 2019

² The Nickel & Cobalt Sulphate Market Study was commissioned by Australian Mines Limited and completed by commodities research specialist CRU International Limited.

³ Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released 12 February 2019

⁴ Based on the outcomes of the financial modelling that was released in Australian Mines’ base case Bankable Feasibility Study (BFS) – see Australian Mines’ announcement titled BFS supports strong commercial case for developing Sconi, which was released via the ASX on 20 November 2018

⁵ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

⁶ The information outlined on this page was previously released to the market by Australian Mines via the ASX platform on 13 June 2019. Australian Mines confirms in the subsequent public report that all the material assumptions underpinning the production targets in the initial public report referred to in rule 5.17 continues to apply and have not materially changed.

⁷ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

⁸ The information outlined on this page was previously released to the market by Australian Mines via the ASX platform on 13 June 2019. Australian Mines confirms in the subsequent public report that all the material assumptions underpinning the forecast financial information derived from a production target, in the initial public report referred to in rule 5.17 continues to apply and have not materially changed.

⁹ The mineral industry’s accepted definition of a “world-class” deposit is a project that exceeds the NPV \$250m threshold. See - <https://www.bhp.com/-/media/bhp/documents/investors/reports/2006/ameconference.pdf>

Sconi Cobalt-Nickel-Scandium Project

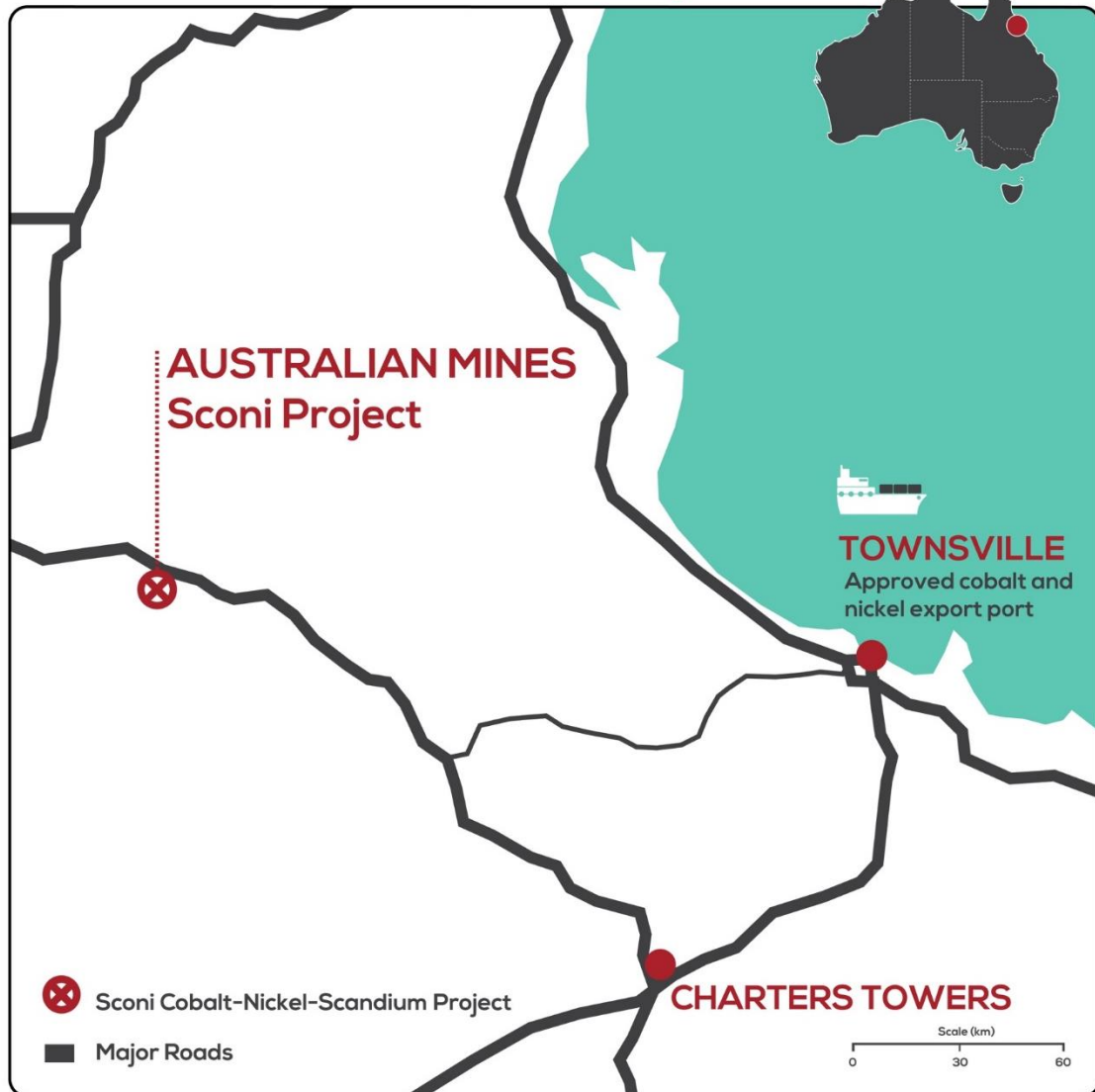


Figure 1: The Sconi Project is located in North Queensland, approximately 250 kilometres on sealed roads from an existing export port at the regional centre of Townsville.

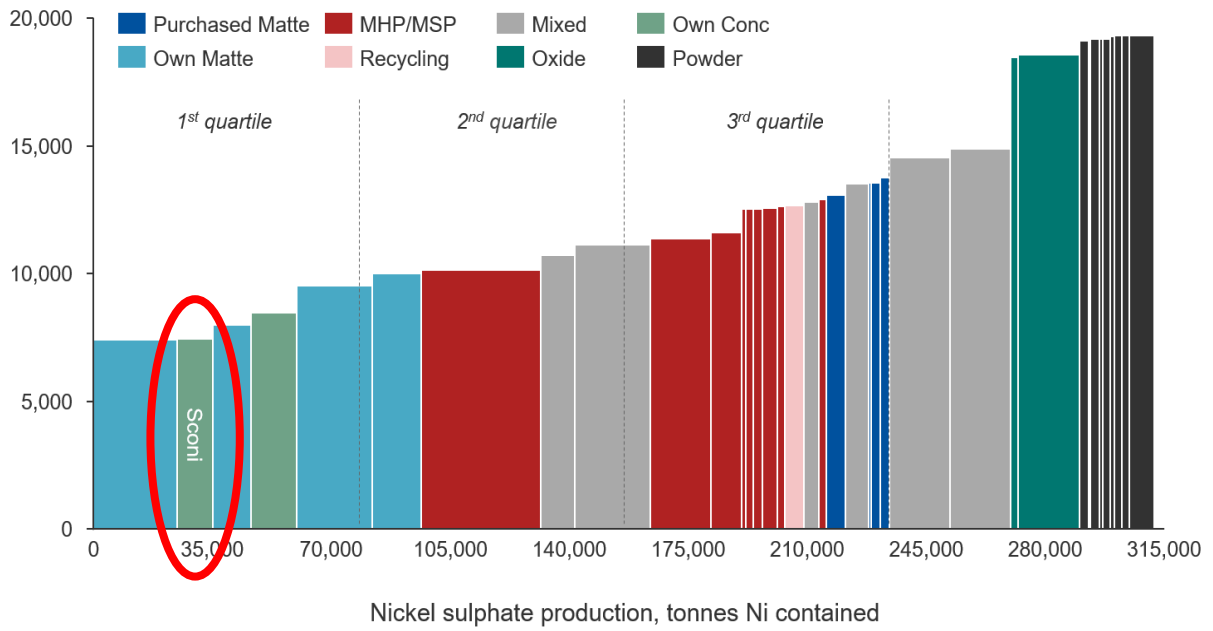


Figure 2: Nickel sulphate cost curve 2025, nominal USD per tonne of nickel contained¹⁰

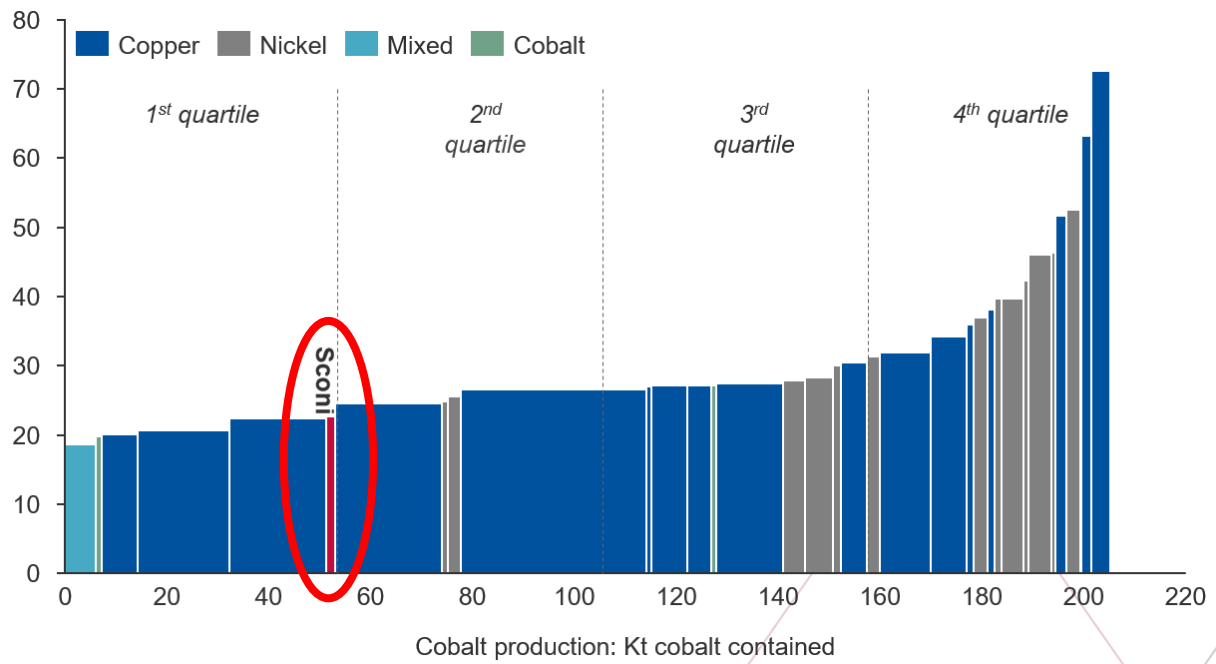


Figure 3: Pro rata cost curve of cobalt producers 2025, Nominal USD per lb cobalt¹¹

¹⁰ Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released 12 February 2019

¹¹ Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released 12 February 2019

During the first half of the year, Australian Mines processed additional bulk samples of ore from its Sconi Cobalt-Nickel-Scandium Project through its demonstration-scale processing plant located in Perth, Western Australia.

This work confirms Australian Mines' competency in reliably converting raw cobalt-nickel-scandium ore from its Sconi Project into final battery-grade cobalt sulphate and nickel sulphate chemicals, as was demonstrated by the Company making the largest known shipment of battery grade nickel and cobalt sulphate crystals from Australian mined and processed ore¹².

In addition, Australian Mines has been working with a number of companies around the world on research and development (R&D) projects to broaden the industrial applications and commercialisation opportunities for the high-quality scandium oxide produced from the Sconi Project. This work aims to expand the current market size for scandium, which is estimated to be approximately 15 tonnes per year, due principally to supply limitations.

Following two years of test work, Australian Mines has a firm understanding of the processing flowchart for the Sconi Project. Consequently, no further runs of the demonstration-scale processing plant are scheduled for 2020, unless additional samples are requested by a future offtake party.

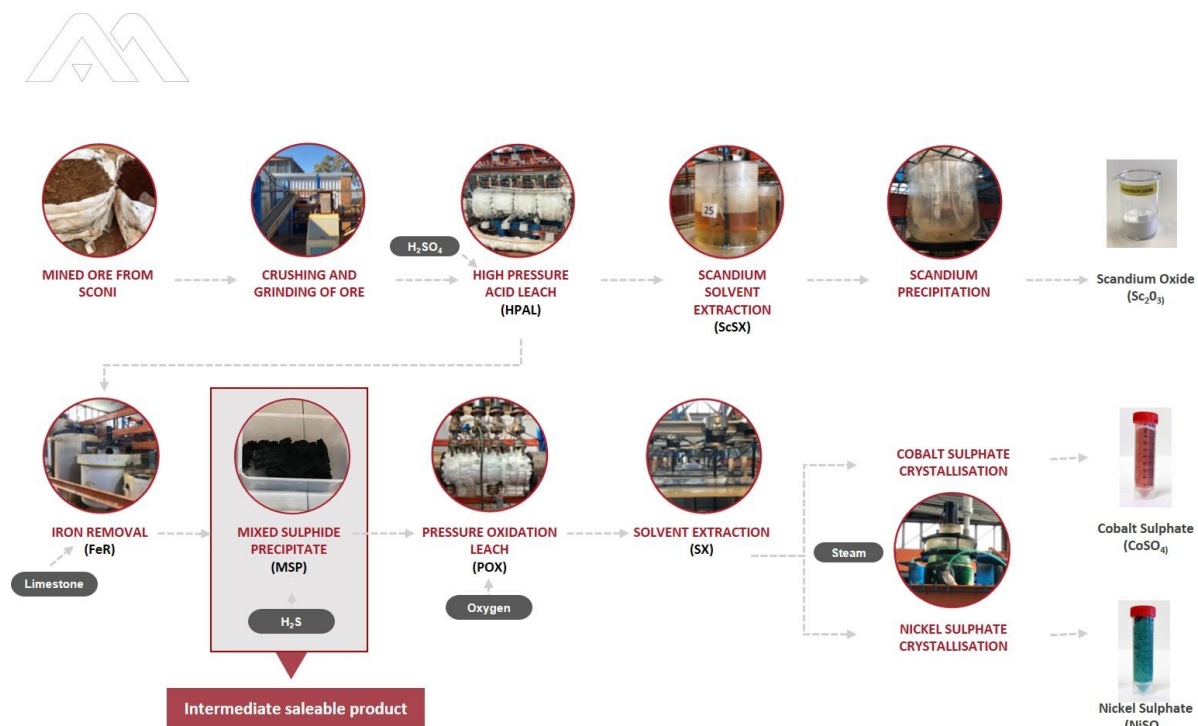


Figure 4: Australian Mines' proposed processing flowsheet that utilises proven, industry-standard technology, which has been comprehensively tested via the Company's demonstration-scale processing plant in Perth, Western Australia.

(The photos used in this image are actual photos taken of Australian Mines' demonstration-size processing plant).

¹² Australian Mines Limited, Australian Mines to set benchmark with largest sample of battery-grade cobalt and nickel sulphate ever exported from Australia, 2 July 2018

Queensland Satellite Nickel and Nickel-Cobalt Deposits

Australian Mines' Bell Creek Nickel-Cobalt Project and Minnamoolka Nickel Project (both 100% owned by Australian Mines) are located within 115 kilometres of the Company's flagship Sconi Cobalt-Nickel-Scandium Project in North Queensland.

When combined with the Sconi Project's Mineral Resource, the cobalt and nickel metal quantities of Australian Mines' Queensland projects are estimated to be 738,359 tonnes of contained nickel metal and 71,575 tonnes of contained cobalt metal¹³.

With respect to the royalty agreements on the Company's Bell Creek and Minnamoolka Projects that were not assigned to Australian Mines when the Sconi Project was acquired in December 2017, during the quarter Australian Mines advised that it agreed to assume the royalties in exchange for Metallica Minerals Limited (ASX code: MLM) reducing the payment due to Metallica Minerals upon commencement of commercial production at the Sconi Project from \$5,000,000 to \$2,500,000.

Given that any decision to develop the Bell Creek and/or Minnamoolka Projects would follow commencement of production at the Sconi Project, Australian Mines considers the substantial reduction in the up-front commercial production payment at the Sconi Project to be beneficial to the Company and its shareholders.

¹³ Refer to Australian Mines' announcement released on 29 April 2019 for further information on the nickel and cobalt tonnages referred to on this page.

The breakdown of the individual Mineral Resources that results in the 738,359 tonnes of contained nickel metal and 71,575 tonnes of contained cobalt metal referred to on this page is as follows:

The Mineral Resource for the Sconi Project is reported under JORC 2012 Guidelines and was reported by Australian Mines on 14 February 2019. The Mineral Resource for the Sconi Project, as outlined in the 14 February 2019 report is: Measured 8.27Mt @ 0.75% Ni & 0.09% Co; Indicated 49.24Mt @ 0.60% Ni & 0.08% Co; Inferred 18.2 Mt @ 0.54% Ni & 0.05% Co. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement of the company.

The Mineral Resource Estimate for the Bell Creek Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 29 April 2019. The Mineral Resource for Bell Creek, as announced on 29 April 2019 is: Measured 11.4Mt @ 0.84% Ni & 0.05% Co, Indicated 12.7Mt @ 0.64% Ni & 0.03% Co, Inferred 1.7Mt @ 0.55% Ni & 0.03% Co There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by the company.

The Mineral Resource Estimate for the Minnamoolka Nickel Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 21 October 2019. The Mineral Resource for Bell Creek, as announced on 29 April 2019 is: Indicated 11.9Mt @ 0.67% Ni & 0.03% Co; Inferred 2.4Mt @ 0.60% Ni & 0.02%. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by the company.

SCONI PROJECT

Queensland Tenement Overview

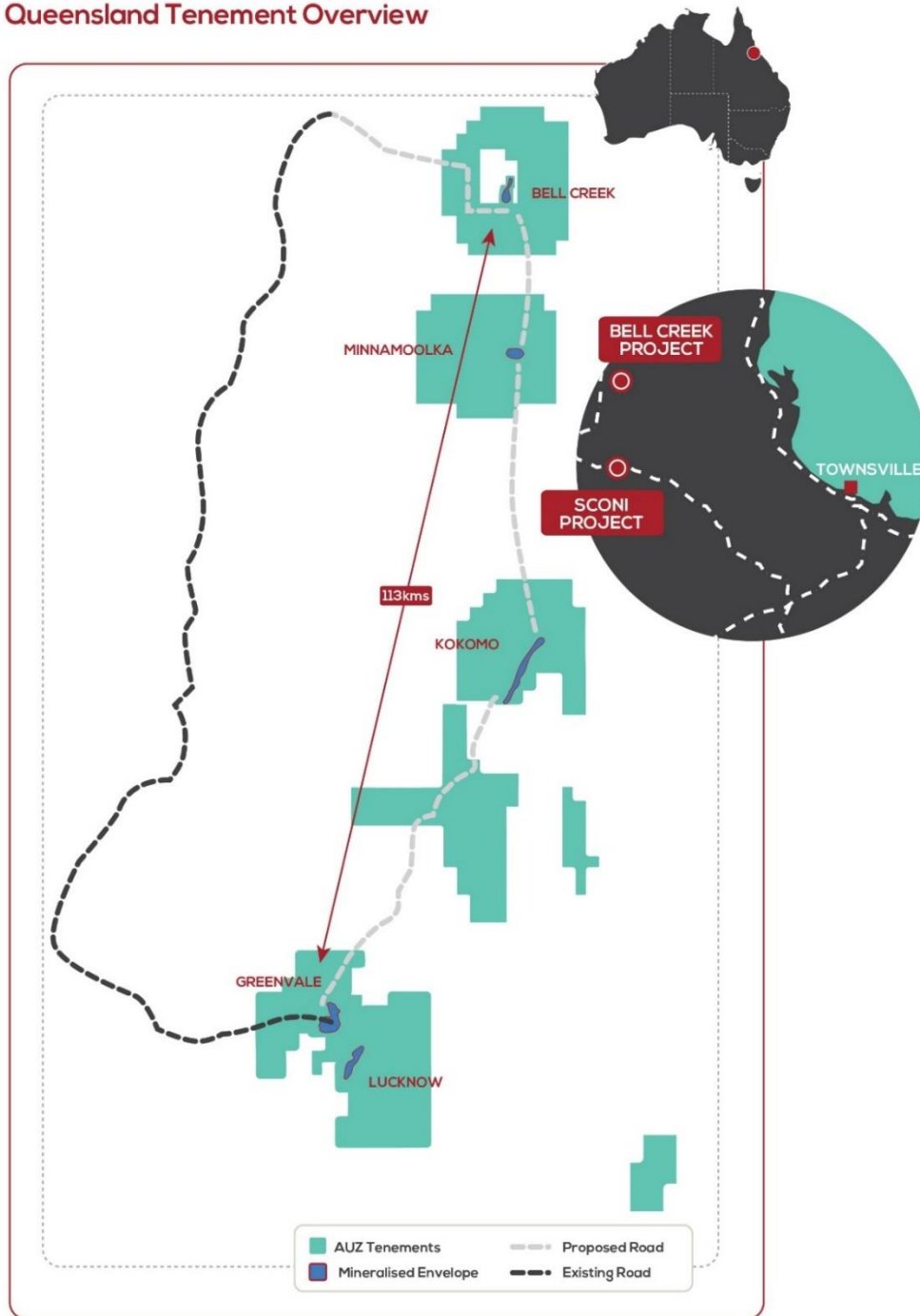


Figure 5: Location of Australian Mines' Bell Creek Nickel-Cobalt Project and Minnamoolka Nickel Project in relation to the Company's flagship Sconi Cobalt-Nickel-Scandium Project in North Queensland. The mineralised envelopes of these deposits (highlighted in blue in this figure) remain open along strike.

Flemington Cobalt-Scandium-Nickel Project

Australian Mines' 100%-owned Flemington Cobalt-Scandium-Nickel Project is located approximately 370 kilometres west of Sydney in New South Wales.

This Project hosts a Mineral Resource of 2.5 million tonnes at 0.103% cobalt and 403ppm scandium in the Measured category; and 0.2 million tonnes at 0.076% cobalt and 408ppm scandium in the Indicated category¹⁴.

In the September 2019 quarter, Australian Mines announced the final assay results from the Company's resource expansion drilling campaign, which was designed to test the western continuation of the previously established cobalt, nickel and scandium mineralisation.

Results from this drill program confirmed the continuity of a high-grade zone, which is contiguous with, and extends 1,200 metres west from, the existing Flemington Mineral Resource¹⁵. This drill program similarly indicated that the known mineralisation at Flemington remained open along strike.

During the December 2019 quarter, the Company announced it had initiated additional drilling at Flemington.¹⁶ The results from this program are currently pending.

Once these assays are received, validated and released in accordance with its continuous disclosure obligations, the Company anticipates updating the Mineral Resource Estimate¹⁷ for this project.

Australian Mines is not anticipating undertaking any additional work at Flemington during the 2020 calendar year to allow the Company to maintain its focus on the successful development of its world-class Sconi Cobalt-Nickel Scandium Project in North Queensland, Australia.

¹⁴ The Company is not aware of any new information or data that materially affects the information included in the market announcement released by the Company on 31 October 2017 in respect of the Flemington Project and all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed.

¹⁵ Australian Mines Limited, Cobalt mineralisation footprint tripled at Flemington project, released 12 August 2019

¹⁶ Australian Mines Limited, Resource extension drilling commences at Flemington project, released 2 October 2019

¹⁷ The Mineral Resource Estimate for the Flemington Cobalt-Scandium-Nickel Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 31 October 2017. The Mineral Resource for Flemington, as announced on 31 October 2017 is: Measured 2.5Mt @ 0.103% Co & 403ppm Sc, Indicated 0.2Mt @ 0.076% Co & 408ppm Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by the company.

Thackaringa Cobalt Project

Australian Mines' 100%-owned Thackaringa Project is an early-stage exploration project located near Broken Hill in New South Wales, Australia.

Surface geochemical sampling programs completed by Australian Mines at Thackaringa identified areas of elevated cobalt within the project area¹⁸.

Subsequent geophysical surveys across these geochemical anomalies detected a cluster of interpreted bedrock-hosted conductive bodies¹⁹ beneath areas of elevated cobalt, with at least one of the bodies identified as a *Priority One* target²⁰ - meaning that, in the opinion of the consulting geophysicist, this particular conductive body has the geophysical characteristics of sulphide mineralisation within the underlying bedrock²¹.

Australian Mines is acutely aware that even quite small geophysical anomalies can be related to quite significant ore bodies. The Company, and its independent technical consultants, are equally conscious that the strength of geophysical response from *Priority One* conductor at Thackaringa is considered high enough to interpret the source as most probably being a massive sulphide body²².

The Company is preparing to undertake its maiden drill program of this *Priority One* conductor during the current year.

*** ENDS ***

For and on behalf of the Board

Benjamin Bell
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¹⁸ Australian Mines Limited, Large-scale cobalt-in-soil anomalies identified at Thackaringa Project; Sconi continues to advance towards development milestones, released 29 May 2018

¹⁹ Australian Mines Limited, High-priority bedrock conductors detected at Thackaringa Project, New South Wales, released 7 March 2018

²⁰ Mitre Geophysics, Barrier Range Project VTEM Report – Report for Australian Mines

²¹ Mitre Geophysics notes that the AEM response is characteristic of sulphides or graphitic shales within the underlying bedrock. However, as graphitic shales are very rare in the Broken Hill / Thackaringa district, the anomaly is indicative of the presence of sulphides within the underlying bedrock. Mitre Geophysics has a long and extensive experience in base metal exploration, including within the Broken Hill District and it forms the core of their business. Their statement that the geophysical response returned from Australian Mines' AEM survey is characteristic of sulphides is based on their consideration of a range of important factors including; geological setting, the magnitude / amplitude of the anomaly and the decay rate of the electromagnetic response related to the anomaly.

²² See Appendix 1 of Australian Mines' announced released via the ASX on 7 March 2018 (titled High-priority bedrock conductors detected at Thackaringa Project, New South Wales) for full details of the Indicative classification scheme (EM conductors) that supports this statement.

Appendix 1: Sconi Project Ore Reserve Estimate

Classification	Pit	Ore (Million tonnes)	Nickel (%)	Cobalt (%)	Scandium (ppm)
Proved	Greenvale	4.49	0.83	0.07	36
	Kokomo	1.52	0.72	0.15	58
	Lucknow	2.07	0.47	0.09	51
	Sub-total	8.08	0.72	0.09	44
Probable	Greenvale	13.08	0.73	0.05	29
	Kokomo	17.43	0.57	0.09	31
	Lucknow	18.71	0.42	0.08	38
	Sub-total	49.22	0.55	0.08	33
Total	Greenvale	17.57	0.76	0.06	31
	Kokomo	18.96	0.58	0.10	33
	Lucknow	20.77	0.42	0.08	39
	TOTAL	57.30	0.58	0.08	35

Table A1-1: Sconi Project Ore Reserve summary based on variable nickel equivalent cut-off between 0.40% and 0.45%.

Ore Reserve as per Australian Mines' announcement released via the ASX platform on 13 June 2019. Prepared by specialist mine planning consultants, Orelogy, in accordance with the current 2012 JORC Code.

There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines.

The Mineral Resource figures in Tables A2-1 to A2-3 of Appendix 2 are inclusive of the Ore Reserve figures above. Approximately 14% of the Ore Reserves (outlined in the table above) are classified as Proved and 86% are classified as Probable. It should be noted that the Proved and Probable Reserves are inclusive of allowance for mining dilution and ore loss.



Appendix 2: Mineral Resource Estimates

Sconi Cobalt-Nickel-Scandium Project

(Effective 14 February 2019)²³

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	5.05	1.06	0.83	0.07
Indicated	17.24	0.90	0.73	0.05
Inferred	10.34	0.63	0.54	0.04
TOTAL	32.63	0.84	0.69	0.05

Table A2-1: Greenvale Mineral Resource

(Lower cut-off grade: Nickel equivalent 0.40%)

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	1.60	0.91	0.53	0.11
Indicated	12.63	0.83	0.47	0.11
Inferred	0.38	0.66	0.55	0.03
TOTAL	14.62	0.83	0.48	0.11

Table A2-2: Lucknow Mineral Resource

(Lower cut-off grade: Nickel equivalent 0.55%)

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	1.62	1.17	0.73	0.15
Indicated	19.37	0.83	0.57	0.09
Inferred	7.48	0.70	0.53	0.07
TOTAL	28.47	0.81	0.57	0.09

Table A2-3: Kokomo Mineral Resource

(Lower cut-off grade: Nickel equivalent 0.45%)

²³ The Mineral Resource Estimates for the Sconi Project are reported under JORC 2012 Guidelines and were reported by Australian Mines Limited on 14 February 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines.

Nickel equivalent (Nieq) calculations are described in detail in Appendix 5 of this report.

Queensland Satellite Projects

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	11.4	1.02	0.84	0.05
Indicated	12.7	0.74	0.64	0.03
Inferred	1.7	0.66	0.55	0.03
Total	25.8	0.86	0.72	0.04

Table A2-4: Bell Creek Mineral Resource²⁴

(Lower cut-off grade: Nickel equivalent 0.45%²⁵).

Classification	Tonnes (million tonnes)	Nickel (%)	Cobalt (%)
Indicated	11.9	0.67	0.03
Inferred	2.4	0.60	0.02
Total	14.3	0.66	0.03

Table A2-5: Minnamoolka Mineral Resource²⁶

(Lower cut-off grade: Nickel 0.45%)

²⁴ The Mineral Resource Estimate for the Bell Creek Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 29 April 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by Australian Mines.

²⁵ **Nickel equivalent (Nieq) calculations are described in detail in Appendix 5 of this report.**

²⁶ The Mineral Resource Estimate for the Minnamoolka Nickel Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 21 October 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines.

Appendix 3: Competent Persons' Statements

Sconi Cobalt-Nickel-Scandium Project

The Mineral Resource for the Sconi Cobalt-Nickel-Scandium Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines Limited on 14 February 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines Limited.

The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

The Ore Reserve for the Sconi Project contained within this document is reported under JORC 2012 Guidelines. This Ore Reserve was first reported by Australian Mines Limited on 13 June 2019. There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines Limited.

The information in this report that relates to Ore Reserves is based on, and fairly reflects, information compiled by Mr Jake Fitzsimons, a Competent Person, who is an employee of Orelogy Consulting Pty Ltd and a Member of the Australian Institute of Mining and Metallurgy (MAusIMM #110318). Mr Fitzsimons has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Mr Fitzsimons consents to the disclosure of information in this report in the form and context in which it appears.

Bell Creek Nickel-Cobalt Project

The Mineral Resource for the Bell Creek Nickel-Cobalt Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines Limited on 29 April 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by Australian Mines Limited.

The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

Minnamoolka Nickel Project

The Mineral Resource for the Minnamoolka Nickel Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines Limited on 21 October 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines Limited.

The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

Flemington Cobalt-Scandium-Nickel Project

The Mineral Resource for the Flemington Cobalt-Scandium-Nickel Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines Limited on 31 October 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines Limited.

Information in this report that relates to Flemington Cobalt-Scandium-Nickel Project's Exploration Results is based on information compiled by Mr Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Elias is a director of Australian Mines Limited. Mr Elias has sufficient experience relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Thackaringa Cobalt Project

The information in this report that relates to the Thackaringa Cobalt Project's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Appendix 4: Forward Looking Statements

This announcement contains forward looking statements. Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions.

There are forward looking statements in this document relating to the outcomes of the Sconi Project Bankable Feasibility Study and ongoing refinement work as outlined in this report. Actual results and developments of projects and the market development may differ materially from those expressed or implied by these forward-looking statements. These, and all other forward-looking statements contained in this announcement are subject to uncertainties, risks and contingencies and other factors, including risk factors associated with exploration, mining and production businesses. It is believed that the expectations represented in the forward looking statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and productions results, resource estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Any forward-looking statement is included as a general guide only and speak only as of the date of this document. No reliance can be placed for any purpose whatsoever on the information contained in this document or its completeness. No representation or warranty, express or implied, is made as to the accuracy, likelihood or achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this document. Australian Mines does not undertake to update or revised forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements. To the maximum extent permitted by law, Australian Mines Limited and its Associates disclaim all responsibility and liability for the forward-looking statements, including, without limitation, any liability arising from negligence. Recipients of this document must make their own investigations and inquiries regarding all assumptions, risks, uncertainties and contingencies which may affect the future operations of Australian Mines Limited or Australian Mines Limited's securities.



Appendix 5: Nickel equivalent calculation – Sconi Project and Bell Creek Projects, Queensland

NiEq grades reference in this report were calculated according to the following formula:

$$NiEq = [(nickel\ grade \times nickel\ price \times nickel\ recovery) + (cobalt\ grade \times cobalt\ price \times cobalt\ recovery) / (nickel\ price \times nickel\ recovery)]$$

The formula was derived using the following commodity prices and recoveries:

Forex US\$:A\$ = 0.71,

Nickel – A\$27,946/t and 94.8% recovery,

Cobalt – A\$93,153/t and 95.7% recovery.

Prices and recoveries effective as at 10th February 2019.

Metal recovery data was determined by variability test work of nickel and cobalt solvent extraction during the inhouse pilot plant test work program. Results typically achieved between 90% and 99% from samples with nickel and cobalt grades aligned with expected mine grades as reported from the Mineral Resource model. Lower recoveries of between 85% and 90% were achieved from some lower-grade samples to determine economic cut off grades.

It is the opinion of Australian Mines that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold. Detail supporting the formula are provided further on in this document.

The Competent Person and Australian Mines believe there are reasonable prospects for eventual economic extraction of the Mineral Resources for the Sconi Project. Consideration was given to the relatively shallow depth of the mineralisation, existing infrastructure near to the project including sealed road access, power, labour and water, and positive results from the 2018 Feasibility Study.

The Competent Person and Australian Mines believe there are reasonable prospects for eventual economic extraction of the Mineral Resources for the Bell Creek Project. Consideration was given to the relatively shallow depth of the mineralisation, and positive results from the 2018 Feasibility Study for the Greenvale and Lucknow deposits located to the south of Bell Creek, which share similar geological characteristics to Bell Creek.



Appendix 6: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Queensland	Sconi	ML 10366	Granted	100%
Queensland	Sconi	ML10342	Granted	100%
Queensland	Sconi	ML10324	Granted	100%
Queensland	Sconi	ML 10332	Granted	100%
Queensland	Sconi	ML 20549	Granted	100%
Queensland	Sconi	MLA 10368	Pending	100%
Queensland	Sconi	MDL 515	Granted	100%
Queensland	Sconi	MDL 387	Granted	100%
Queensland	Sconi	EPM 25834	Granted	100%
Queensland	Sconi	EPM 25865	Granted	100%
Queensland	Sconi	EPM 25833	Granted	100%
Queensland	Sconi	EPM 26575	Granted	100%

Queensland	Sconi	EPM 26577	Granted	100%
Queensland	Sconi	EPM 26578	Granted	100%
Queensland	Sconi	EPM 26579	Granted	100%
Queensland	Sconi	EPM 26559	Granted	100%
New South Wales	Flemington	EL 7805	Granted	100%
New South Wales	Flemington	EL 8546	Granted	100%
New South Wales	Flemington	EL 8478	Granted	100%
New South Wales	Flemington	MLA 538	Pending	-
New South Wales	Flemington	ELA 5495	Pending	-
New South Wales	Flemington	EL 8855	Granted	100%
New South Wales	Broken Hill	EL 8870	Granted	100%
New South Wales	Thackaringa	EL 8477	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest	Comments
-	-	-	-	-	-

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
-	-	-	-	-	-

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
-	-	-	-	-	-

